

Message Text

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ACTION EUR-12

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FM AMCONSUL HALIFAX

TO SECSTATE WASHDC 1186

INFO AMEMBASSY OTTAWA

AMCONSUL ST JOHNS

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SUBJECT: SUBDUED APPLAUSE FOR FEDERAL GOVERNMENT CURBS
ON SPENDING

REF: ST JOHN'S 326, HALIFAX 361

1. PREMIERS OF THE THREE MARITIME PROVINCES GAVE
SUBDUED APPLAUSE TO THE CURBS ON SPENDING ANNOUNCED
BY THE FEDERAL GOVERNMENT. PREMIER HATFIELD OF NEW
BRUNSWICK SAID HE WAS PLEASED TO SEE FEDERAL GOVERNMENT
TAKING CONCRETE ACTION TO CONTROL ITS SPENDING BUT
AT THE SAME TIME SAID IT WAS ESSENTIAL TO STRENGTHEN
FUNDAMENTAL FEDERAL PROGRAMS AIMED AT HIGH UNEMPLOYMENT
AND REGIONAL DISPARITY BECAUSE IT WAS THESE PROGRAMS
WHICH OVER THE LONG RUN IMPROVED THE PROVINCE'S
CAPACITY TO PROVIDE SOUND AND WELL-PAYING JOBS. HE
SAID, "WE ARE EQUALLY CONCERNED THAT OTTAWA, IN
TRIMMING ITS OWN BUDGET, DOES NOT PASS ON THE FINANCIAL
BURDEN TO THE PROVINCES". HE SAID THAT FREEZING OF THE
DEPARTMENT OF REGIONAL ECONOMIC (DREE) EXPANSION
BUDGET COULD AGGRAVATE AN ALREADY SERIOUS PROBLEM
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AT A TIME OF HIGH UNEMPLOYMENT. HE EXPRESSED THE

HOPE THAT THE CUTS IN THE LOCAL INIATIVE PROGRAM WOULD REFLECT AN AWARENESS OF REGIONAL UNEMPLOYMENT PROBLEM. THE PREMIER SAID THAT CANCELLATION OF FAMILY ALLOWANCE INCREASES WOULD MEAN A LOSS OF 6 MILLION DOLLARS TO NEW BRUNSWICK IN 1976.

2. PREMIER HATFIELD SAID HIS PROVINCIAL GOVERNMENT HAS ANNOUNCED ITS INTENTION TO HOLD PROVINCIAL EXPENDITURE GROWTH IN THE NEXT FISCAL YEAR TO THE RATE OF GROWTH IN THE ECONOMY.

3. PREMIER REGAN OF NOVA SCOTIA SHOWED CONCERN ABOUT CUTS IN TRANSPORTATION SUBSIDIES AND THE DREE BUDGET BUT SAID THAT FEDERAL BUDGET RESTRAINT WAS APPROPRIATE, "IF PROPERLY PLACED".

34. PREMIER CAMPBELL OF PRINCE EDWARD ISLAND SAID FEDERAL SPENDING CUTS COULD HAVE BEEN MORE EXTENSIVE BUT THEY DID INDICATE THE GOVERNMENT HAD TAKEN STEPS TO LIMIT WHAT MANY FELT WAS EXCESSIVE GOVERNMENT SPENDING. HIS OWN PROVINCE HAS BEGUN TO PUT ON RESTRAINTS AND IN 1975 HAD TURNED DOWN REQUEST FOR 50 MILLION DOLLARS.

5. IN OTHER REACTION GORDON LUMMIS, MANAGER OF THE HALIFAX BOARD OF TRADE, DESCRIBED THE GOVERNMENT ANNOUNCEMENT AS COSMETIC SURGERY . HE SAID THE GOVERNMENT IS MAKING A PUBLIC RELATIONS GESTURE AND THAT A FAR MORE FUNDAMENTAL EXAMINATION OF WHERE GOVERNMENT MONEY IS GOING IS NEEDED.

6. ON THE OTHER HAND, DR JENKINS, VICE PRESIDENT OF THE ATLANTIC PROVINCES ECONOMIC COUNCIL, AS REPORTED IN ST JOHNS REFTEL, REITERATED HIS FEAR THAT FEDERAL GOVERNMENT ACTION FAILS TO TAKE INTO ACCOUNT SPECIAL ECONOMIC PROBLEMS OF THE ATLANTIC PROVINCES (SEE CONGEN TEL 361, OCT 23).

7. THE NOVA SCOTIA MINISTER OF DEVELOPMENT, GEORGE MITCHELL CRITICIZED OTTAWA FOR "PECKING AWAY" AT THE UNCLASSIFIED

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TRANSPORTATION SUBSIDIES WHILE CONTINUING LARGE SCALE ASSISTANCE TO THE ST LAWRENCE SEAWAY.

8. IN SUM. FEDERAL RESTRAINT AS VIEWED FROM THE MARITIMES IS A MARVELOUS IDEA AS LONG AS IT DOES NOT HURT THE MARITIMES.
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